

EXHIBIT 2

ANNUAL REPORT OF CERTAIN TELECOMMUNICATIONS CARRIERS

TO THE ILLINOIS COMMERCE COMMISSION



| | |
|--|-------------------|
| Exact Legal Name of Respondent (Company) | Year of Report |
| FEDERAL TRANSTEL, INC | December 31, 1999 |

This state agency is requesting disclosure of information that is necessary to accomplish the statutory purpose as outlined in Section 5-109 of the Public Utilities Act [220 ILCS 5/5-109]. Disclosure of this information is REQUIRED. Failure to provide any information could result in a fine of \$100 per day under Section 5-109 of the Public Utilities Act.

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GENERAL INSTRUCTIONS

1. Telecommunications carriers not required to use the uniform system of accounts and who do not have alternative annual reporting requirements prescribed by Commission order are required to file this report.
2. This form of annual report is to be completed in triplicate: The original and one conformed copy (which may be a carbon copy) of this report form, properly completed and verified, is to be filed with the Chief Clerk, ILLINOIS COMMERCE COMMISSION, 527 East Capitol Avenue, Springfield, Illinois 62701, on or before March 31 of the year following the year for which the report is made. One copy of such report is to be retained by respondent.
3. It is preferred that all data be typed on the form. All instructions shall be followed and each question shall be answered fully and accurately. The expression "None" or "Not Applicable" shall be given as the answer where it truly states the fact.
4. The word "Respondent", wherever used in this report, means the person, corporation, licensee, agency, authority or other legal entity or instrumentality in whose behalf the report is made.
5. Financial information in this Annual Report should be reported on an Illinois basis.
6. The Reconciliation of Gross Revenue Tax schedule is to reconcile the amounts shown in this Annual Report with the amounts on the Amended Gross Revenue Tax Return.
7. Access lines are defined, in context of this report, as all-individual business and residence lines, key trunk lines, PBX trunk lines, and Centrex main lines with separate numbers. Local exchange carriers complete Page 3 only.
8. Local exchange carriers are required to provide two copies of the published annual report to shareholders or financial statements prepared in accordance with generally accepted accounting principles (GAAP).
9. Respondents may prior to filing, petition for proprietary treatment of information required by this annual report. Proprietary treatment is limited to data that is not otherwise publicly available and is effective only after respondent's petition is granted. The Commission intends to include proprietary data on an aggregated basis for statistical reporting purposes.

SPECIFIC LINE ITEM INSTRUCTIONS

PAGE 2:

Lines 5-14: Operating Expenses are not deductions for the calculation of Taxable Illinois Gross Revenue. See Section 3-121 of the Public Utilities Act for all appropriate deductions. Website: www.icc.state.il.us

PAGE 2.1:

Lines 2 and 3: This information is to be provided by Utilities that do NOT operate on the Cash Basis of Accounting.

Unbilled Revenue: This is revenue earned in one calendar year, but not billed to the customer until the following calendar year.

Example: For the year 2000, Prior Year Unbilled Revenue would be revenue earned in 1999 but not billed to the customer until the January 2000 billing cycle. Although the Utility collected the revenue in 2000, it was earned in 1999 and reported on the 1999 income tax return, so it is deducted on Line 2. Current Year Unbilled Revenue would be revenue earned in 2000, but not billed to the customer until 2001. Although the Utility did not collect the revenue in 2000, it was earned in that calendar year and will be reported on the 2000 income tax return, so it is added on Line 3.

| | <u>1999</u> | <u>2000</u> |
|--|---------------|---------------|
| 1. Telephone Utility Operating Revenue | \$100,000 | \$110,000 |
| 2. Less: Prior Year Unbilled Revenue | 9,000 | 11,000 |
| 3. Add: Current Year Unbilled Revenue | <u>11,000</u> | <u>13,000</u> |
| 4. Gross Telephone Utility Operating Revenue | \$102,000 | \$112,000 |

For Cash Basis Accounting, Line 4 would equal Line 1.

Lines 5-8: If the Utility is unable to provide a breakdown of Interstate Revenue by type, the total amount of Interstate Revenue should be entered on Line 5, as "End User Interstate Revenue".

Put N/A for any category of Revenue that does not apply.

Page 3:

This page is to be completed by Certified Local Exchange Carriers only.

VERIFICATION: THIS MUST BE VERIFIED UNDER OATH AND RETURNED WITH THE ANNUAL REPORT TO BE ACCEPTED BY THE ILLINOIS COMMERCE COMMISSION.

| | | | |
|---|---|--|---|
| Name of Respondent FEDERAL TRANSTEL, INC. | This report is: (1) <input checked="" type="checkbox"/> An original (2) <input type="checkbox"/> A resubmission | Date of Report (M,D,Y) 2/15/01 | Year of Report: Dec. 31, 1999 |
|---|---|--|---|

RESPONDENT: (Exact Name) **FEDERAL TRANSTEL, INC.**

Street or Local Address: **2568 ACTON RD SUITE 100**

City: **BIRMINGHAM**

State: **AL**

Zip Code: **35243**

Officer or other person to whom correspondence should be addressed concerning this report.*

Exact Name: **JAMES LITTLE**

Title: **PRODUCT MANAGER**

Street or Local Address: **SAME**

City:

State:

Zip Code:

Telephone: (include the area code) **(205) 371-7574**

*To be kept current Notify the Commission of every change until the report for the following calendar year has been filed.

Please submit the following information for the year ended December 31,

| | | | |
|-----|---|----|-----------------|
| (1) | Total Illinois Communications Plant (if none, enter zero) | \$ | 0 |
| (2) | Total Illinois Operating Revenues | \$ | 2,347.34 |
| (3) | Depreciation and Amortization, Illinois (if none, enter zero) | \$ | 0 |
| (4) | Total Illinois Operating Expenses | \$ | 0 |
| (5) | Illinois Operating income (line 2 minus lines 3 and 4) | \$ | 2,347.34 |

| | | | |
|--|---|--|---|
| Name of Respondent FEDERAL TRANS TEL, INC. | This report is: (3) <input checked="" type="checkbox"/> An original (4) <input type="checkbox"/> A resubmission | Date of Report (M,D,Y) 2/15/01 | Year of Report: Dec. 31, 1999 |
|--|---|--|---|

ANALYSIS OF UNBILLED REVENUE AND DEDUCTIONS

This form is to be completed by all telephone utilities.

| <u>Unbilled Revenue</u> | | <u>PRIOR YEAR</u> | <u>CURRENT YEAR</u> |
|-------------------------|---|-------------------|---------------------|
| (a) | | (b) | (c) |
| 1. | Telephone Utility Operating Revenue | \$ | \$ |
| 2. | Less: Prior Year Unbilled Revenue | \$ | \$ |
| 3. | Add: Current Year Unbilled Revenue | \$ | \$ |
| 4. | Gross Telephone Utility Operating Revenue | \$ 0 | \$ 0 |

Interstate Revenues

| | | | |
|-----|------------------------------------|----|---------------------|
| 5. | End User Interstate Revenue | \$ | \$ 38,962.38 |
| 6. | Switched Access Interstate Revenue | \$ | \$ |
| 7. | Special Access Interstate Revenue | \$ | \$ |
| 8. | Other Access Interstate Revenue | \$ | \$ |
| 9. | | \$ | \$ |
| 10. | | \$ | \$ |
| 11. | Total Interstate Revenue | \$ | \$ 38,962.38 |

Revenue from Sales to Utilities for Resale

| | | | |
|-----|---|----|-------------|
| 12. | Please detail each item: | \$ | \$ |
| 13. | | \$ | \$ |
| 14. | | \$ | \$ |
| 15. | Total Revenues from Sales to Utilities for Resale | \$ | \$ 0 |

Uncollectible Revenues

| | | | |
|-----|--|----|-------------|
| 16. | Uncollectible Revenue - Telecommunications | \$ | \$ |
| 17. | Uncollectible Revenue - Other | \$ | \$ |
| 18. | Total Uncollectible Revenue | \$ | \$ 0 |

| | | | |
|--|---|--|---|
| Name of Respondent FEDERAL TRANS TEL. INC. | This report is: (5) <input checked="" type="checkbox"/> An original (6) <input type="checkbox"/> A resubmission | Date of Report (M,D,Y) 2/15/01 | Year of Report: Dec. 31, 1999 |
|--|---|--|---|

RECONCILIATION OF GROSS REVENUE TAX

This schedule is to reconcile the amounts shown in the accompanying Annual Report with the amounts shown on the Amended/Annual Gross Revenue Tax Return.

| | Description (a) | Amount Annual Report (b) | Reference |
|----|---|-----------------------------|--------------------|
| 1 | Actual Gross Operating Revenues as shown in Annual Report | 41,309.72 | P.2 Ln. 4 Col. C |
| 2 | Less Interstate Revenue | 38,962.38 | P. 2 Ln. 10 Col. C |
| 3 | Gross Revenue Applicable to Illinois (Line 1 minus Line 2) | 2,347.34 | |
| 4 | DEDUCT: | | |
| 5 | Revenue from Sale to Utilities for Resale | | P.2 Ln. 15 Col. C |
| 6 | Uncollectible Accounts (if billing basis used) | | P.2 Ln. 18 Col. C |
| 7 | Other Deductions (if amounts are included in Line 1) | | |
| 8 | Account Description | Account No. | |
| 9 | | | |
| 10 | | | |
| 11 | | | |
| 12 | | | |
| 13 | | | |
| 14 | | | |
| 15 | Taxable Illinois Gross Revenue Per Annual Report (Line 3 minus Lines 5-14) | 2,347.34 | |
| 16 | Taxable Illinois Gross Revenue Per Amended or Annual Gross Revenue Tax Return | 1,475.09 | |
| 17 | DIFFERENCE (Line 15 minus Line 16) | 872.25 | |

If the amount on Line 17 is \$1.00 (+/-) or more, a Revised Revenue Tax Return must be completed and filed with the Commission.

If you do not have a Revised Revenue Tax Return, contact the Fiscal Information Office of the Commission:

Illinois Commerce Commission
Fiscal Information Office
527 East Capitol Avenue
Springfield, Illinois 62701
[217] 782-7671

ACCESS LINES AND TERRITORY SERVED

1. Name the exchanges in Illinois in which the respondent maintained service at the close of the year and give particulars called for.
2. Urban includes the base rate area and rural is beyond the base rate area.
3. Mobile, public or semi-public paystations and FX-in should be included where appropriate.

| Line No. | Exchange (a) | Urban | | Rural | | Centrex (f) | PBX Trunks (g) | Total (h) |
|----------|------------------------|-------------|---------------|--------------|---------------|-------------|----------------|-----------|
| | | Balance (b) | Residence (c) | Business (d) | Residence (e) | | | |
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| 33 | | | | | | | | |
| 34 | Totals | | | | | | | |
| 35 | Number of Access Lines | | | | | | | |

| | | | |
|---|---|--|---|
| Name of Respondent <u>FEDERAL TRANSTEL, INC.</u> | This report is: (7) <input checked="" type="checkbox"/> An original (8) <input type="checkbox"/> A resubmission | Date of Report (M,D,Y) <u>2/15/01</u> | Year of Report: Dec. 31, <u>1999</u> |
|---|---|--|---|

VERIFICATION

The responsible accounting officer shall verify this report under oath.

OATH

STATE OF ALABAMA)
COUNTY OF JEFFERSON)SS

KARL F. HENDRICKSON makes oath and says that he is
(Insert here the name of the affiant)

CHIEF EXECUTIVE OFFICER of
(Insert here the official title of the affiant)

FEDERAL TRANSTEL INC that
(Insert here the exact legal title or name of the respondent)

he has examined the foregoing report; that to the best of his knowledge, information, and belief, all statements of fact contained in the said report are true, and the said report is a correct statement of the business and affairs of the above-named respondent in respect to each and every matter set forth therein during the period from and including January 1, 1999, to and including December 31, 1999.

Karl F. Hendrickson
(Signature of Affiant)

Subscribed and sworn to before me, a notary
In and for the State and County above named, this 15 day of February, 2001.
My Commission expires May 2002

[Signature]
(Signature of officer authorized to administer oath)

AIRBORNE EXPRESS



Date Printed: Feb 15, 2001

Origin: **BHM**

Airbill #: 58457026250

From (Company):

FEDERAL TRANSTEL

STE 100

2868 ACTON RD

BIRMINGHAM, AL 35243

Sent By: JIM LITTLE X-7574

Phone #: 800-933-6600

Weight: Letter

Bill To: Sender

Billing Ref:

To (Company):

IL COMMERCE COMMISSION

527 E CAPITAL AVENUE

SPRINGFIELD, IL 62701

Service:

E

Special Service:

Route:

SPIF 5D

Attention To: CHIEF CLERK

Phone #: (217) 785-8435

LIGHTSHIP Ver. 2.05

Fold Along This Line

Description:

Insurance: Not Insured

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Using a photocopy could delay the delivery of your package and will result in additional shipping charges.

Thank you for shipping with Airborne Express.

Shipment Tracking Detail Report for Today

| | | | |
|------------------|------------------------|---------------------|--------------------------------------|
| | 58457026250 | <i>Traced:</i> | 02-16-2001 |
| <i>Sender:</i> | FEDERAL TRANSTEL | <i>Picked Up:</i> | 2/15/2001 5:12:00 PM Public Drop Box |
| | STE 100 | <i>Status:</i> | Delivered |
| | 2868 ACTON RD | | SPRINGFIELD, IL 02/16/01 09:44 am |
| | BIRMINGHAM, AL 35243 | | Arrived at Airborne |
| | USA | | SPRINGFIELD, IL 02/16/01 07:22 am |
| | JIM LITTLE X-7574 | <i>Deliv'd To:</i> | Left at Mail Room |
| | 800-933-6600 | <i>Signatory:</i> | D KELLY |
| <i>Receiver:</i> | IL COMMERCE COMMISSION | <i>Service:</i> | Express |
| | 527 E CAPITAL AVENUE | <i>Ship Type:</i> | Letter Express |
| | SPRINGFIELD, IL 62701 | <i>Weight:</i> | Letter |
| | USA | <i>Description:</i> | |
| | CHIEF CLERK | <i>Billing Ref:</i> | |
| | (217) 785-8435 | | |